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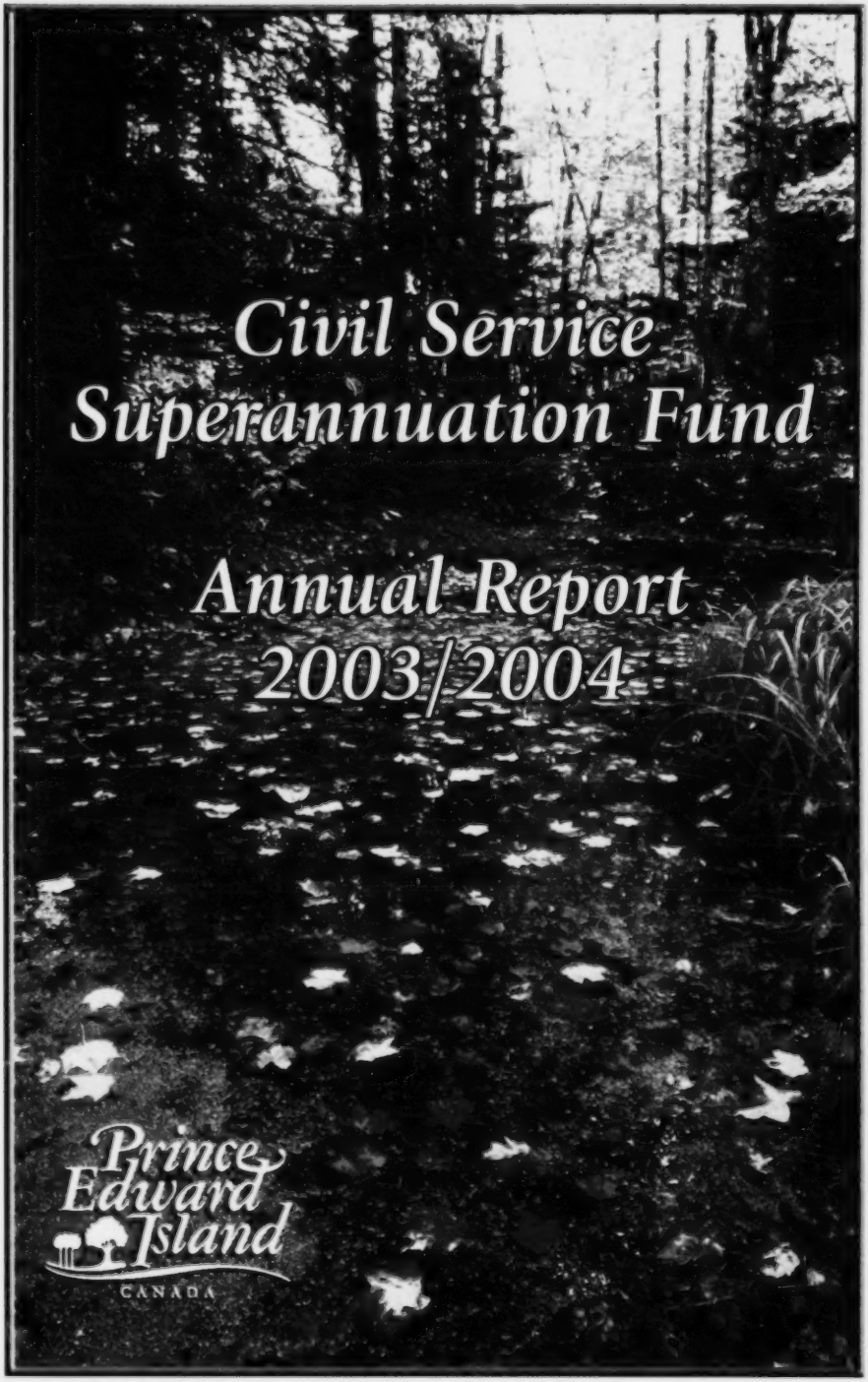
Civil Service
Superannuation Fund
Annual Report
2003/2004
Prince Edward Island
CANADA

105-02751/

The Honourable J. Léonce Bernard
Lieutenant Governor of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May it Please Your Honour:

In accordance with Section 6 of the *Civil Service Superannuation Act*, I am pleased to present to you the Annual Report of the Province of Prince Edward Island Civil Service Superannuation Fund for the fiscal year ended March 31, 2004.

Respectfully submitted,

Mitch Murphy

Mitch Murphy,
Provincial Treasurer

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Introduction

The Civil Service Superannuation Fund (CSSF) was established in 1945 to provide retirement allowances to civil service retirees, and to the dependants of deceased retirees, in accordance with the *Civil Service Superannuation Act* (CSSA).

Plan Description

The Civil Service Superannuation Fund is a contributory defined benefit pension plan financed by contributions from participating employers and employees, and by investment earnings from the Master Trust Investment Fund. The Civil Service Superannuation Fund and the Canada Pension Plan are integrated when a retiree is 65.

Contributions – In 2003/2004 members of the plan contributed 8.75 per cent of their first $3,500 (CPP's basic exemption threshold) of pensionable income, 6.95 per cent on earnings from $3,501 to $39,900 (CPP's Yearly Maximum Pensionable Earnings [YMPE] for 2003), and 8.75 per cent of their salary in excess of the YMPE. The employer paid to the fund an amount equal to that paid by the members.

Membership – the general criteria for membership to the Civil Service Superannuation Fund is that an employee must be permanent, working a minimum of 600 hours per year with an approved participating employer.

Normal Retirement Pension – a monthly pension is payable for life to a member who has attained the age of 60 with five or more years of pensionable service. The benefit is calculated as 2 per cent for each year of pensionable service times the average of the three highest years of pensionable earnings, to a maximum of 35 years. Please note that for salary below the CPP's Yearly Maximum Pensionable Earnings the 2 per cent benefit is comprised of:

a) a 1.3 per cent life-time benefit, and

b) a bridge benefit of 0.7 per cent from the date of retirement to age 65.

Early Retirement – eligible members can opt for an early retirement pension benefit at age 55. In these cases, the pension amount is reduced by the lessor of:

a) 3 per cent for each year prior to age 60, or

b) 3 per cent for each year prior to attaining 30 pensionable years.

For those members with a minimum age of 55 and at least 30 years of pensionable service, the above penalty is waived.

Benefits on Termination

- for vested members: a deferred pension or a refund of employee contributions plus interest;
- for non-vested members: a refund of employee contributions plus interest.

Inflation Protection – pensions are increased to the Consumer Price Index to a maximum of 6 per cent on the first day of April of each year. The pension payment received upon retirement and the value of a deferred pension benefit are both indexed under the CSSF.

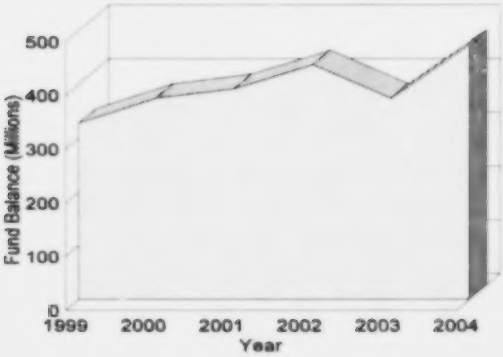
Death Benefits – the CSSF provides for both a spousal and dependant entitlement for vested members.

Reciprocal Transfers – a member who has previous employment with another employer with whom the CSSF has a reciprocal transfer agreement may be eligible to transfer his or her service and benefits to the CSSF (and vice versa).

Fund Administration

Administration of the CSSA is assigned to the Pensions and Benefits Section, Corporate Services, Systems and Administration Division, PEI Public Service Commission. The CSSF's assets are managed independently by professional fund managers. The balance of the CSSF in 2004 was approximately $474 million, up from $374 million in 2003. Diagram 1 shows the CSSF balance from 1999 to 2004.

Diagram 1
CSSF Balance



Employers – There are 18 active participating employers in the CSSF, with a total of approximately 3,300 full- and part-time employees. The Province of PEI is the largest employer with 2,250 active contributors, the five health authorities have a combined total of 550 contributors, two insurance companies contribute for 130 employees on long-term disability claims, and 220 contributors are employed with 11 other agencies. In addition, there are approximately 150 deferred members. Table 1 lists employers and the corresponding number of members.

Table 1
Employers and Total Members

Employer	No. of Female Members	No. of Male Members	Total Members
Province of PEI	990	1,268	2,258
East Prince Health	93	9	102
Kings Health Region	59	12	71
Provincial Health Services Authority	60	36	96
Queens Health Region	182	53	235
West Prince Health	33	9	42
Advisory Council on the Status of Women	3	0	3
Grain Elevators Corporation	3	8	11
Island Regulatory and Appeals Commission	11	10	21
Lending Agency	6	7	13
PEI Business Development	38	22	60
PEI Potato Board	5	7	12
PEI Union of Public Sector Employees	6	3	9
Technology PEI and Food Technology Centre	10	13	23
Workers Compensation Board	41	27	68
Manulife and Sunlife	92	45	137
Deferred Members	91	61	152
Total	**1,723**	**1,590**	**3,313**

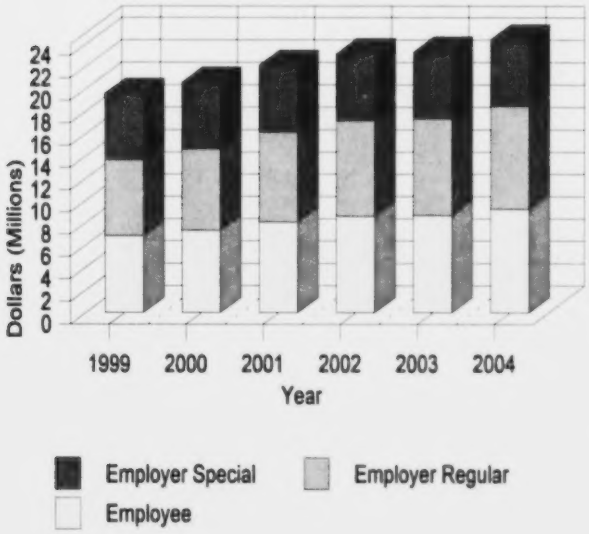
Regular Contributions – Regular contributions are made to the CSSF via payroll deductions. Other contributions include: special payments from the Province, payments for prior service and transfers in from other plans via reciprocal agreements. In 2004 the

regular contributions from both the employer and employee combined were approximately $18.5 million up from $17.2 million in 2003.

Special Contributions – In 1995, Government commenced a series of annual payments to help address the underfunded status of the plan. There is one special payment of $5.93 million remaining to be paid into the fund, which will be deposited on April 1, 2004.

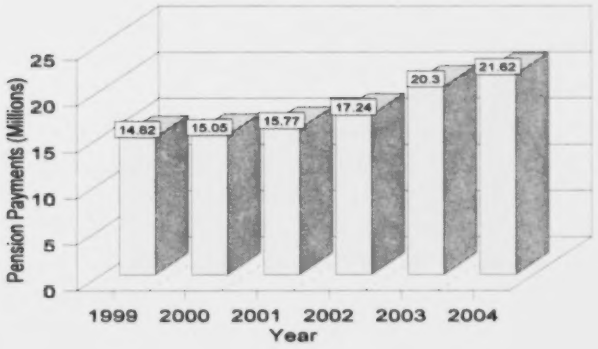
Diagram 2 depicts, by year, the regular employer and employee contributions made to the CSSF as well as the special payments made by the Province.

Diagram 2
Contributions: Regular and Special



Pension Payments – Annual pension payments increased from $14,817,381 in 1999 to $21,615,973 in 2004. This is shown in Diagram 3. In fiscal year 2003/2004, approximately 89 per cent of the pension payroll was paid to members and the remaining 11 per cent was paid out as spousal and dependant benefits.

Diagram 3
Pension Payments



Pensioners – The respective number of persons receiving pension increased from 1,234 in 1999 to 1,530 in 2004. Table 2 outlines the categories with the average annual pension for each category in fiscal year 2003/2004.

Table 2
Pension Categories With Average Annual Pension

Category	Number of Pensions	Average Annual Pension
Members	1,225	$15,636
Spousal	289	$ 8,136
Dependants	16	$ 1,320
Total Pensions	**1,530**	

Actuarial Requirement – Federal legislation requires that an actuarial valuation be performed once every three years to evaluate the funding status of the CSSF. Actuarial valuation reports require best estimate assumptions about future events to determine the liabilities of the fund as of the valuation date. The actual assets of the fund as of the valuation date are then subtracted from the liabilities to determine the unfunded liability.

The most recent actuarial valuation was completed as of April 1, 2002, based on the following membership data:

1) 3,048 Active Members
   Average Salary of $39,817
   Average Age of 46.5 years

2) 135 deferred members
   Average Annual Pension of $13,397
   Average Age of 49.2 years

3) 1,465 Retirees
   Average Annual pension of $13,540
   Average Age of 69.5 years

The actuarial value of the plan assets as at April 1, 2002, were $436,093,000, which represents 89 per cent of the actuarial liability of $488,558,000. Table 3 details the statement of financial position as at April 1, 2002. The next required actuarial valuation will be completed as of April 1, 2005.

Table 3
Going-Concern Financial Position – April 1, 2002

Actuarial Value of Assets	
Market Value	$436,093,000

Actuarial Liability		Percentage of Total Liabilities
• Active members	$254,515,000	52%
• Deferred members	15,750,000	3%
• Retired members and Beneficiaries	218,293,000	45%
• Total	$488,558,000	
Actuarial Surplus (unfunded liability)	($52,465,000)	

Funding Ratio	89%

Highlights for 2003/2004

Act/Regulations

During fiscal year 2003/2004 staff of Pensions and Benefits in coordination with Legal and Judical Services, Office of the Attorney General, have been drafting new regulations re "contributions for service prior to permanent appointment." These regulations have not been finalized so there were no amendments or regulations to the *Civil Service Superannuation Act* completed in this fiscal year.

Administration Initiatives

1) Pensions and Benefits has taken a proactive role in keeping members up to date on the provisions of their pension plan by conducting 11 information sessions in the last year for more than 300 employees. These sessions were conducted for both employees approaching retirement and other active members wishing more information on their pension plan.

2) The 2003 Public Sector Pension Plan Administrators Conference took place in Charlottetown from July 27 to 30, 2003, and was jointly hosted by the Province of PEI and the PEI Teachers Federation. Staff from Pensions and Benefits played a key role in hosting 75 delegates from public sector and teacher pension plans from across Canada. The conference provided public sector pension plan administrators with the opportunity to meet with their counterparts and discuss issues relevant or unique to public sector pensions.

3) Pensions and Benefits provides leadership and direction to both employees and employers from the public sector with regards to information needs on enrolment, retirement, termination and pension projections. Staff are committed to ongoing education to ensure maintaining a high level of knowledge and proficiency to answer members' questions in the area of pension benefits for the CSSF.

4) With the introduction of the new pension administration system (ARIEL) members from the civil service and regional health authories have received pension statements. The work continues on cleaning historical data for the remaining employers and their employees.

5) The enactment in November 2002 of the *Freedom of Information and Protection of Privacy Act* has given rise to increased scrutiny for staff in regards to information requests and records retention. A disclosure of information policy has been developed where the information is used solely for the purposes it is gathered.

Investment Management

The largest contributor to the growth of Civil Service Superannuation Fund assets is normally investment income. These investments are held in the Province of Prince Edward Island Master Trust. The Civil Service Superannuation Fund (CSSF), MLA Pension Funds and the Teachers' Superannuation Fund participate in the Master Trust. In 2004 approximately 59.8 per cent of the funds in the Master Trust were assets of the CSSF.

The annual rate of return of the Master Trust as of March 31, 2004, was 26 per cent, which is indicative of the market value increase of the Civil Service Superannuation Fund. The total return on the Master Trust Fund since 1997 was 7.1 per cent, slightly above the Master Trust's benchmark return of 6.3 per cent. The actuarial valuation as at April 1, 2002, assumed rate of return is 7.64 per cent.

The Fiscal Management Division of the Department of the Provincial Treasury provides investment management support for the Province of Prince Edward Island Master Trust.

The fund managers responsible for the CSSF's investments as at March 31, 2004 were:

1) Beutel Goodman and Company Ltd,
2) McLean Budden Limited,
3) Northwater Capital Management Inc., and
4) Templeton Management Limited.

CSSF Assets

During 2003/2004 there was a net increase to CSSF assets of $100,102,475.

Table 4 shows the receipts and incomes, by source, which totalled an increase of $124,750,210.

Table 5 shows the expenditures for 2003/2004, which totalled $24,647,735.

Table 4
Receipts and Income

Type	Amount
Employer Contributions	$9,233,847
Employee Contributions	$9,233,847
Special Payment	$5,926,605
Investment Income	$14,268,300
Transfer from Other Plans	$519,227
Other	$751,193
Market Value Increase	$84,817,191
Total	**$124,750,210**

Table 5
CSSF Expenditures

Type	Amount	Percentage of Expenditures
Benefits Paid	$21,615,973	
Transfers	$903,697	
Refunds	$306,607	
Total Benefit Expenditures	$22,826,277	92.6%
Benefit Administration	$218,387	
System Fees	$18,980	
Consulting Fees	$6,421	
Total Benefit Administration Expenditures	$243,788	1.0%
Investment Manager Fees	$1,398,099	
Monitoring Fees	$59,821	
Custodial Fees	$60,125	
Investment Management Support	$59,625	
Total Investment Management Expenditures	$1,577,669	6.4%
Total	**$24,647,735**	**100%**

Administrative Advisory Committee

The Administrative Advisory Committee advises the Provincial Treasurer on administrative pension issues and provides a forum for the purpose of reviewing issues which may arise in the administering of the plan. This forum permits open consultation on matters relating to the CSSA.

The seven-member committee is made up of representatives from the following:

Secretary to Treasury Board (Chairperson)	Mike O'Brien
Union of Public Sector Employees	Ken Campbell and Brian Moriarity
Comptroller's Office	Scott Stevens
Department/division responsible for fund administration	Allan O'Keefe
Health and Social Services ministry	Bill Harper
Ex Officio	Doug Clow

Master Trust Investment Advisory Committee

The Master Trust Investment Advisory Committee provides advice to the Provincial Treasurer in order to protect the principal assets of the Master Trust, monitors costs, makes recommendations on investment fund asset mix, reviews performance standards of the investment fund and their respective fund managers, and ensures compliance with both federal and provincial requirements relating to ownership of foreign equities.

The committee is comprised of a chairperson (Deputy Provincial Treasurer) along with representatives from the following:

Prince Edward Island Teachers' Federation	Duncan McKillop and Michel Plamondon
Retired Prince Edward Island Teachers' Federation	Alan Ledgerwood
Provincial Government	Doug Clow, Bill Harper, Terry Hogan, Ken MacRae and Scott Stevens
Excluded Employee Group	Vacant
Union of Public Sector Employees	Mike Doyle and Don MacDonald
Retired Union of Public Sector Employees	Doris Pursey (deceased)
Member of the Legislative Assembly	Wilbur MacDonald
Ex Officio outside designates	Mike Butler, RBC Dominion Securities; Bill Hastie, Scotia Capital; and a vacant position

Contact Information

For further information concerning the administration of the ***Civil Service Superannuation Act***, please contact:

Pensions and Benefits
Public Service Commission
Sullivan Building, 16 Fitzroy Street
PO Box 2000
Charlottetown, PE C1A 7N8

Tel: (902) 368 4004
Fax: (902) 368 6622

Terry Hogan, Manager
Denise Lewis, Operations Supervisor
Jane Smith, Pension Information Officer

For further information concerning the **Master Trust Fund**, contact:

Doug Clow, Director
Fiscal Management, Provincial Treasury

Audit Requirement

In accordance with Section 13 of the *Audit Act*, the financial statements have been examined by the Office of the Auditor General whose report is included in this annual report.

Appendixes

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Civil Service Superannuation Fund as at March 31, 2004 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 27, 2004

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Cash	$ 355,727	$ 387,359
Receivables		
Contributions receivable - employees	347,093	472,806
Contributions receivable - employers	455,896	682,445
Other	27,961	52,830
	1,186,677	1,596,440
Investments (Notes 2b and 3)	473,248,957	373,050,020
Total assets	$474,435,634	$347,645,460
LIABILITIES		
Accounts payable	$ 749,069	$ 1,061,370
NET ASSETS AVAILABLE FOR BENEFITS	$473,686,565	$373,584,090

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
INCREASE IN ASSETS		
Investment income		
Interest	$ 8,780,184	$ 8,349,773
Dividends	5,488,116	5,862,490
	14,268,300	14,212,263
Market value increase (decrease)	84,817,191	(81,299,279)
Contributions (Note 5)		
Employees' contributions	9,233,847	8,679,152
Employers' contributions	9,233,847	8,679,152
Transfers from other plans	519,227	4,080,506
Refund repayments	97,268	110,622
Purchased service	653,925	550,910
Government contribution toward unfunded liability	5,926,605	5,926,605
	25,664,719	29,026,947
Total increase (decrease) in assets	124,750,210	(39,060,069)
DECREASE IN ASSETS		
Administrative expenses	1,821,458	1,752,292
Benefits paid	21,615,973	20,298,234
Refunds	306,637	385,039
Transfers	903,697	973,625
Total decrease in assets	24,647,735	23,449,190
INCREASE (DECREASE) IN NET ASSETS	100,102,475	(62,509,259)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	373,584,090	436,093,349
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$473,686,565	$373,584,090

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Description of Plan

The following description of the Civil Service Superannuation Plan is a summary only. For more complete information, reference should be made to the Civil Service Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering government employees and employees of certain boards, commissions, crown corporations and agencies as defined in the Civil Service Superannuation Act. In addition, the Plan covers employees receiving disability payments under the Employees Long Term Disability Plan.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A member who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average salary of the member in the three year period of pensionable service during which such average salary is highest, multiplied by the number of years of pensionable service to a maximum of 35 years. When the member reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary up to the average Maximum Pensionable Earnings under the Canada Pension Plan during the three year period over which the average salary has been computed, multiplied by the number of years of the member's pensionable service after July 1, 1966 or July 1, 1972, depending on the election of the member and payment of the required contributions to be eligible for the smaller offset.

KAISER GRAPHIC CHARLOTTETOWN PE

1. Description of Plan continued...

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a member who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each month by which the early retirement date precedes the member's earliest unreduced retirement age. The lesser of the number of months between the date of actual retirement and the date the member would attain the age 60 or the number of months between the date of actual retirement and the date the member would have at least thirty years of service.

The above formula determines the amount of a member's initial pension at retirement. In subsequent years the amount of a member's pension is increased in line with increases in the Consumer Price Index, but the increase in any one year is limited to no more than 6%.

d) Death Benefits
On the death of a member prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the members contributions accumulated with interest will be refunded. If a member dies prior to retirement but after completing 5 years of service, the member's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the member at the time of death. In addition to the spousal pension, an allowance equal to one-sixth of the pension paid to the surviving spouse is payable in respect of each dependent child, up to a maximum of 4 children, until the child attains age 18, or until 21 if the child is attending school full-time.

e) Termination and Portability Benefits
In the event of termination of employment for reasons other than retirement or death, a member may elect to receive either:

- a refund of the member's own contributions with interest, or
- if the member has completed at least five years of service, a deferred annuity commencing when the member attains the age of 60.

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

1. Description of Plan continued...

f) Marriage Breakdowns
Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

g) Income Tax
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. Summary of Significant Accounting Policies

a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

b) Investments are stated at market value, with the exception of Real Estate Investments which are valued at cost, as reported by the custodian of the Province of Prince Edward Island Master Trust as of March 31, 2004.

3. Investments

Investments as of March 31, 2004 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$473,248,325
Cash held for investment	632
	$473,248,957

The investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Units are held by each of these funds in the Master Trust. As of March 31, 2004 there were 715,509,553 units held in the Province of Prince Edward Island Master Trust, of which Civil Service Superannuation Fund held the following:

3 Investments continued...

Units held	429,227,411
Market value per unit	$1,105.13
Total market value held	$473,248,325

Investments of the Province of Prince Edward Island Master Trust are as follows:

Canadian T-Bills	$ 9,134,769
Other liquid assets	521,307
Bonds, debentures and notes	288,608,879
Canadian equity securities	344,360,538
Foreign equity securities	158,641,254
Accrued income receivable	4,336,517
Real estate	5,130,090
Total	$790,733,354

The investments of $790,733,354 include amounts which three of the five Master Trust Fund managers have invested in their own pooled funds. The March 31, 2004 market values of these investments are as follows:

Beutel Goodman & Company Ltd.	$ 25,134,396
Northwater Capital Management Inc.	181,353,782
Templeton Management Limited	109,723,021
Total	$316,211,199

4 Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $6,124,000. The unfunded liability of $6,124,000 does not include an allowance for the present value of the future contributions shown in Note 5.

4 Obligations for Pension Benefits for Accounting Purposes continued...

The actuarial present value of benefits as of March 31, 2004, the principal components of changes in actuarial present values during the year and the estimated unfunded liability, were as follows:

	2004
Actuarial present value of accrued benefits at beginning of year	$469,720,727
Interest accrued on benefits	36,722,570
Benefits accrued	13,070,143
Benefits paid	(22,826,277)
Actuarial present value of accrued benefits at end of year	496,687,163
Net assets available for benefits	473,686,565
Unfunded liability as at March 31, 2004	$ 23,000,598

The estimated unfunded liability of the fund of $23,000,598 does not include an allowance for the present value of the remaining special contributions. If the present value of the remaining special contributions had been considered, as of March 31, 2004, the fund would have an estimated unfunded liability of $17,073,993.

The economic assumptions used in determining the actuarial value of accrued pension for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Basic salary escalation rate (excluding promotional increases)	3.0% per annum
Pension cost of living increases	2.4% per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

5 Funding Policy

In accordance with the Civil Service Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 5 of the Civil Service Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of April 1, 2002. This valuation disclosed an unfunded liability as at April 1, 2002 of $52,465,000.

AUDITOR GENERAL CHARLOTTETOWN

5. Funding Policy continued...

For the purpose of reducing the unfunded liability of the Fund, the Civil Service Superannuation Act requires the Lieutenant Governor-in-Council to pay $63.35 million into the Fund in accordance with the following schedule:

April 1, 1995	$11.60 million
April 1, 1996	5.75 million
March 31, 1998*	5.75 million
April 1, 1998	5.75 million
April 1, 1999	5.75 million
April 1, 2000	5.75 million
April 1, 2001	5.75 million
April 1, 2002	5.75 million
April 1, 2003	5.75 million
April 1, 2004	5.75 million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-98 fiscal year that is deferred to March 31, 1998, shall be paid in seven equal installments commencing on April 1, 1998.

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